

INTRODUCTION

In January 1986, the Director of Central Intelligence completed the first National Foreign Intelligence Strategy. The Strategy, which was distributed to appropriate committees of the Congress, as well as to key policymakers and the Intelligence Community at large, supplied strategic guidance and priorities for the direction of intelligence programs. Rooted in the Community's understanding of US national objectives and their implications, it in essence sought to define the areas and functions on which intelligence should focus. It did so by grounding its analysis in an account of the strategic challenges and global issues that face the US, conveying thereby a clear sense of the demands placed on intelligence. []

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This annual report to the Congress describes the Intelligence Community's response to those demands. Through a retrospective look at significant world events in 1986, it provides a sense of the complex problems that engage intelligence agencies and offices on a daily basis. At the same time, through an elaboration of Community activities it underscores the ways in which intelligence makes a difference--giving a sense of the contributions that intelligence makes, not only to national security, but also to the efficient allocation of constrained national resources. Because it is based on concrete experience, it thus substantiates the concepts and guidance contained in the Strategy. []

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In great measure, then, this document identifies the Intelligence Community's accomplishments against the backdrop of international events. It would be incomplete, though, if it were to stop there. The report also highlights shortfalls and points out deficiencies that must be remedied if intelligence is to provide the service the nation expects of it. Questions about Intelligence Community capabilities ultimately resolve to questions about resources. As answers to those questions are sought, flexibility and preservation of core capabilities must be seen as fundamental requirements. That compelling need is clearly illustrated by the achievements and events discussed in this report.

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The report is organized along the following lines:

- A review of significant events of 1986
- A discussion of consumer needs
- A representative account of the intelligence response
- A discussion of selected elements of the National Foreign Intelligence Strategy.

A more detailed review of capabilities and resource needs is available in the Congressional Budget Justification Books that have been furnished separately.



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be made, choices that are made more difficult by the potential consequences of a wrong decision. The Community has worked closely with the Congress in the past to build an effective intelligence capability; its members look forward to carrying on that cooperation to continue providing the finest intelligence service in the world. []

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